

COMPLIANCE

Compliance is our minimum standard of performance and we strive to reach beyond compliance in all areas of our business. All managers and employees are required to uphold regulatory compliance as part of their daily activities and business planning. When non-compliance issues arise, appropriate steps are taken to address them and prevent recurrence.

As an energy supplier and producer, we are subject to environmental, health and safety regulations on the federal,

state, county and local levels. In addition, the Four Corners Power Plant, located on the Navajo Nation near Farmington, New Mexico, works with the Navajo Nation Environmental Protection Agency to address environmental issues.

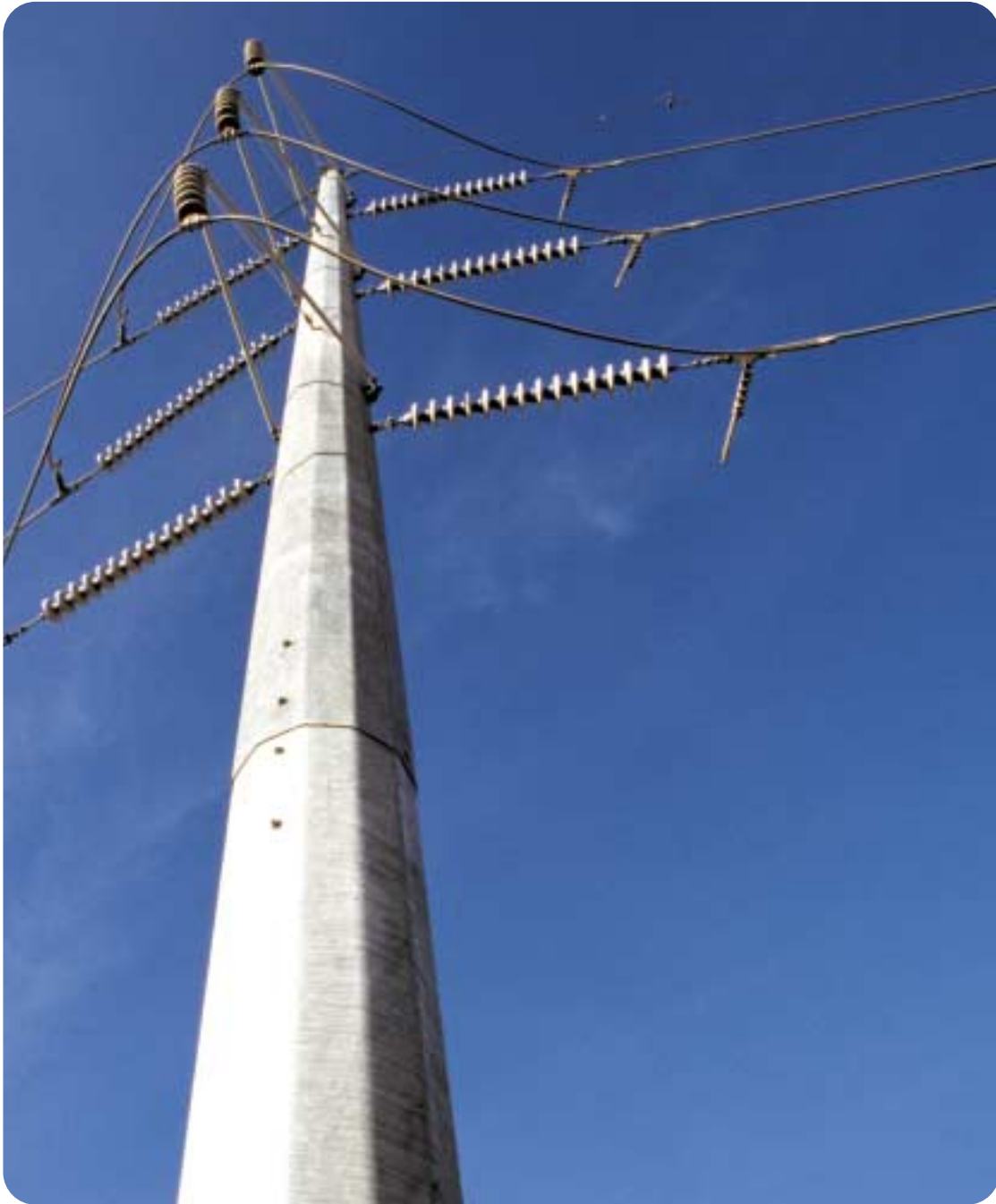
We maintain a goal of zero notices of violation (NOVs) resulting in fines or penalties. Success in meeting this target is reflected in individual employee performance evaluations and compensation.

NOTICES OF VIOLATION RESULTING IN FINES OR PENALTIES

	2000	1999	1998	1997	1996
ENVIRONMENTAL					
• Clean Air Act (CAA), State, County and City Regulations	0	0	2 ¹ (\$600)	0	0
• Clean Water Act (CWA) and State Water Regulations	1 ² (\$15,000)	0	0	1 ³ (\$42,000)	0
• Resource Conservation and Recovery Act (RCRA) and State Waste Regulations	0	0	0	0	0
• Superfund Amendments and Reauthorization Act (SARA)	0	0	0	0	0
• Toxic Substances Control Act (TSCA)	0	0	0	0	0
• Other Statutes	1 ⁴ (\$2,500)	1 ⁵ (\$600)	0	0	2 ⁶
SAFETY					
• Occupational Safety and Health Act (OSHA) and State OSHA Regulations	1 ⁷ (\$10,500)	0	0	0	0
NUCLEAR					
• Atomic Energy Act	0	0	0	0	0

(1) Issued by the City of Phoenix for violation of a City parking ordinance, no fines were assessed. Vehicles were parked on an unpaved surface at the Deer Valley Substation. The second was issued by Maricopa County to the West Phoenix Power Plant for violation of a County environmental rule. A wooden handled brush containing degreasing solvent was found in a sink during an inspection. (2) Release of slurred bottom ash into a dry stream bed at the Cholla Power Plant. (3) Release of effluent from a pipeline going to Palo Verde Nuclear Generating Station. (4) Migratory Bird Treaty Act for raptor electrocution in Winslow, Arizona. (5) Arizona Revised Statute 41-2123, Area A: gasoline at West Phoenix Power Plant found to be below oxygen requirements (\$300). Arizona Revised Statute 41-2123, Area: gasoline at Deer Valley facility found to be below oxygen requirement (\$300). (6) Issued by the City of Phoenix for violation of a City parking ordinance, no fines were assessed. Vehicles were parked on an unpaved surface at the Deer Valley Service Center. The violation was incurred by tenants of APS on leased property. (7) Arizona Department of Occupation Safety and Health for safety training violations at the Cholla Power plant.





Steel utility poles are preferred because they last longer and do not leach chemicals into the ground.